

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7531

BILL NUMBER: SB 331

NOTE PREPARED: Feb 18, 2003

BILL AMENDED: Feb 13, 2003

SUBJECT: Medicaid Lien Recovery.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

X

Summary of Legislation: (Amended) This bill removes a provision that prohibits the Office of Medicaid Policy and Planning from: (1) obtaining a lien against a person lawfully residing in the home of a Medicaid recipient who provides care to the recipient in the home; and (2) enforcing a lien if the Medicaid recipient is survived by a family member. The bill removes a provision that automatically terminates a lien if the Office does not commence foreclosure within seven years after the Medicaid recipient's death.

The bill also eliminates the lien exemption of \$125,000. The bill also provides for subordination of the lien to the security interest of a financial institution that lends money to be used as operating capital for the operation of a farm, a business, or income producing real property.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill would expand the available situations under which the Office of Medicaid Policy and Planning (OMPP) may obtain a lien on the real property of a Medicaid recipient who is institutionalized and unlikely to return to live in the home.

OMPP estimates the fiscal impact of the elimination of the \$125,000 lien exemption on the real estate assets of recipients to be \$2.7 M (\$1 M in state funds).

Medicaid reported last year that the average value of real estate owned by institutionalized recipients with no spouse at home was approximately \$52,000.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected: County Recorders.

Information Sources: Donna Sembroski, Family and Social Services Administration, Office of General Counsel, (317) 232-1282.

Fiscal Analyst: Kathy Norris, 317-234-1360